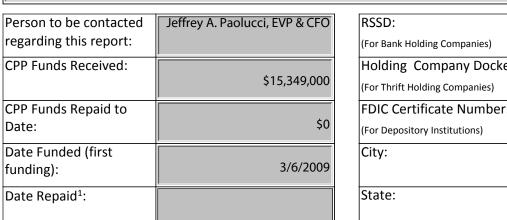
## **ANNUAL USE OF CAPITAL SURVEY - 2009**

## NAME OF INSTITUTION

(Include Holding Company Where Applicable)

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<sup>&</sup>lt;sup>1</sup>If repayment was incremental, please enter the most recent repayment date.



RSSD:		
(For Bank Holding Companies)	3070312	
Holding Company Docket Number:		
(For Thrift Holding Companies)		
FDIC Certificate Number:		
(For Depository Institutions)	35214	
City:		
	Florence	
State:	Caush Caualiaa	
	South Carolina	

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

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X	Increase lending or reduce lending less	Since March '09 we've originated \$45 million in new production and we have renewed \$147 million
	than otherwise would have occurred.	in loans to qualified borrowers that we would not have otherwise been in a position to make if not
		for the TARP funds.

To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Majority of the loans we have originated in new production or renewed since March '09 have been commercial, small business, and mortgage loans. In 2009, First Reliance Bancshares was received Lender of the Year honors from the South Carolina Finance and Housing Authority.
Increase cognities purchased (ADS MDS	
Increase securities purchased (ABS, MBS, etc.).	
Make other investments	
Increase reserves for non-performing assets	The Company was able to increase reserves for non-performing assets. Due to the economy additional reserves were required on the Bank's existing loan portfolio.

	Reduce borrowings	
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	Increase charge-offs	
		J
	Purchase another financial institution or	
	purchase assets from another financial	
	L	
	institution	
	Held as non-leveraged increase to total	
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What actions were you able to avoid because of the capital infusion of CPP funds?				
First Reliance Bancshares received \$15,349,000 on March 6, 2009 from the U.S. Treasury as part of the Treasury's Capital Purchase program. CPP funds provided additional capital and placed the bank in a better position to make or renew loans to qualified borrowers that we would not have otherwise been in a position to make if not for the TARP funds. The Company is ready to contribute additional funds as capital to the Bank to support further increases in lending when and if loan demand increases. CPP funds have strengthened our capacity to respond to the legitimate credit needs of our customers and communities. We have advised our customers, employees and community of our commitment to support our communities' growth and of our receipt of CPP funds, which strengthens our ability to make loans. CPP funds have not only provided us with additional lending capacity, but have also permitted us to strengthen our balance sheet. That strength allows us the flexibility to offer innovative programs, such as Hometown Heroes checking account with embedded loan program offers. We also received statewide recognition for lending performance in 2009, receiving Lender of the Year honors from the South Carolina Finance and Housing Authority.				

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?			
First Reliance Bancshares received \$15,349,000 on March 6, 2009 from the U.S. Treasury as part of the Treasury's Capital Purchase program. TARP provided additional capital and placed the bank in a better position to make or renew loans to qualified borrowers that we would not have otherwise been in a position to make if not for the TARP funds. Additionally, the bank was able to increase reserves on nonperforming loans and thus continued to lend to qualified borrowers.			

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.				

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.